

Exhibit B

Karnati Guilty Plea Colloquy

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF MICHIGAN
SOUTHERN DIVISION

UNITED STATES OF AMERICA,

Plaintiff,

v

No. 19-cr-20026

PHANIDEEP KARNATI,

Defendant.

PLEA

BEFORE THE HONORABLE GERSHWIN A. DRAIN
UNITED STATES DISTRICT JUDGE
Theodore Levin United States Courthouse
231 West Lafayette Boulevard
Detroit, Michigan
Thursday, September 26, 2019

APPEARANCES:

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1 Detroit, Michigan

2 Thursday, September 26, 2019 - 11:12 a.m.

3 THE CASE MANAGER: All rise. The United States
4 District Court for the Eastern District of Michigan is now in
5 session. The Honorable Gershwin A. Drain presiding.

6 You may be seated.

7 The Court calls the criminal matter United States
8 of America versus Phanideep Karnati. Case Number
9 19-cr-20026-3.

10 Counsel, please state your appearances for the
11 record.

12 MR. HELMS: Good morning, your Honor. Brandon
13 Helms on behalf of the United States.

14 MR. WATERSTREET: Ronald Waterstreet appearing on
15 behalf the United States.

16 Good morning.

17 MR. MCDONALD: And Tim McDonald appearing on
18 behalf of the United states.

19 Good morning, your Honor.

20 THE COURT: All right. Good morning, gentlemen.

21 MS. PRASAD: Hi, judge. Good morning to you.
22 Anjali Prasad representing Phanideep Karnati.

23 THE COURT: All right. Good morning to you also.

24 All right. As I understand it, Mr. Karnati wants
25 to tender a plea of guilty to the charge; is that correct?

1 MS. PRASAD: Yes, sir. Without a Rule 11.

2 THE COURT: Okay. All right. Then, you all want
3 to approach the podium there, counsel and Mr. Karnati.

4 And he's pretty fluid in English?

5 MS. PRASAD: He is, judge, but I will be -- I'll
6 go back and forth with him between Hindi and English as
7 necessary.

8 THE COURT: Okay.

9 MS. PRASAD: So, it might take a few more minutes
10 than normal, but I'm fully competent to --

11 THE COURT: Okay.

12 MS. PRASAD: -- speak with him in both languages.

13 THE COURT: All right. Good enough. Good enough.

14 All right. Any matters to put on the record prior
15 to Mr. Karnati pleading guilty?

16 MR. HELMS: Your Honor, for the government, I
17 would only note that we did offer a Rule 11, but it was
18 rejected.

19 THE COURT: Okay.

20 MS. PRASAD: Yes, sir.

21 THE COURT: Okay. All right, then, I'm going to
22 have my case manager administer an oath to Mr. Karnati.

23 THE CASE MANAGER: Please raise your right. Do
24 you solemnly swear or affirm that the testimony you are about
25 to give to the Court in the matter here pending shall be the

1 truth, the whole truth, and nothing but the truth?

2 THE DEFENDANT: Yes, ma'am.

3 THE CASE MANAGER: Please state your full name for
4 the record and spell your last name.

5 THE DEFENDANT: Phanideep Karnati is my full name.
6 My last name is K, as in king; A, as in apple; R, as in Randy;
7 N, as in Nancy; A, as in apple; T as in Tennessee; I, as in
8 igloo.

9 THE COURT: Okay. All right. Mr. Karnati, do you
10 understand that you are now under oath and if you answer any of
11 my questions falsely, your answers may later be used against
12 you in a separate prosecution for perjury or false statement;
13 do you understand that?

14 THE DEFENDANT: Yes, sir.

15 THE COURT: And how old are you?

16 THE DEFENDANT: I'm 37 years old.

17 THE COURT: Okay. And how far did you go in
18 school?

19 THE DEFENDANT: Like I completed my master's --

20 THE COURT: Okay.

21 THE DEFENDANT: -- from the University of
22 Louisville, Kentucky, sir.

23 And I am also pursuing my PhD from the same
24 university.

25 THE COURT: Did you say you're working on your PhD

1 or you have completed your PhD?

2 THE DEFENDANT: I'm working on my PhD. I completed
3 my master's, sir.

4 THE COURT: Okay. So how far along are you?

5 THE DEFENDANT: It takes a lot of time, sir.
6 Close to three and a half years as of now I'm -- I joined very
7 recently. It may take three and a half years to five years.

8 THE COURT: Okay. All right.

9 So, have you been treated recently for any type of
10 mental illness or addiction to alcohol or narcotics?

11 THE DEFENDANT: No, sir.

12 THE COURT: Okay. Are you currently under the
13 influence of any drugs, medication, or alcoholic beverage?

14 THE DEFENDANT: No, sir.

15 THE COURT: And have you previously received a
16 copy of the indictment that's been returned against you?

17 THE DEFENDANT: Yes, sir.

18 THE COURT: And have you had a chance to speak
19 with your attorney about it?

20 THE DEFENDANT: Yes, sir.

21 THE COURT: And has she been able to answer any
22 questions you have about it?

23 THE DEFENDANT: Yes, sir.

24 THE COURT: Okay. And so are you satisfied with
25 the advice and counsel you've received from her up to this

1 point?

2 THE DEFENDANT: Yes, sir.

3 THE COURT: Okay. All right. And, let's see, do
4 you understand that the normal maximum sentence for this
5 offense is a sentence of up to five years in prison and the
6 maximum fine is an amount up to \$250,000; do you understand
7 that?

8 THE DEFENDANT: Yes, sir.

9 THE COURT: And I think the maximum supervised
10 release for this offense, is it three years or five years?

11 MS. PRASAD: Three years, your Honor.

12 THE COURT: Three years. Okay.

13 So you understand the maximum supervised release,
14 which would be after custody, would be three years, you
15 understand that?

16 THE DEFENDANT: Yes, sir.

17 THE COURT: Okay. All right. So, has anyone made
18 any promises to you about this plea?

19 THE DEFENDANT: No, sir.

20 THE COURT: Has anyone forced you to plead guilty?

21 THE DEFENDANT: No, sir.

22 THE COURT: Has anyone threatened you to plead
23 guilty?

24 THE DEFENDANT: No, sir.

25 THE COURT: And are you doing it freely and

1 voluntarily?

2 THE DEFENDANT: Yes, sir.

3 THE COURT: And are you pleading guilty because
4 you are guilty?

5 THE DEFENDANT: Yes, sir.

6 THE COURT: Okay. All right. So, do you have any
7 prior convictions at all?

8 THE DEFENDANT: No, sir.

9 THE COURT: Okay. You've never been in any
10 trouble before?

11 THE DEFENDANT: No, sir.

12 THE COURT: Okay. All right. So, do you
13 understand that once I accept your plea, you will stand
14 convicted of a felony charge; do you understand that?

15 THE DEFENDANT: Yes, sir.

16 THE COURT: Okay. And you understand that, you
17 know in this country, and other countries, having a felony
18 conviction affects your rights to do certain things?

19 For example, here you can't possess a firearm; you
20 can't hold certain offices; you can't get certain licenses; you
21 can't sit on juries. There's a lot of other consequences other
22 than jail or money that go along with having a felony
23 conviction, you understand that?

24 THE DEFENDANT: Yes, sir.

25 THE COURT: And are you a citizen of India?

1 THE DEFENDANT: Yes, sir. I'm a citizen of India.

2 THE COURT: Okay. And you are not a U.S. Citizen?

3 THE DEFENDANT: No, sir. I'm not a U.S. Citizen.

4 THE COURT: And do you understand that entering
5 this plea will probably affect your right to stay in this
6 country.

7 THE DEFENDANT: Yes, sir.

8 THE COURT: And you understand that you may be
9 deported as a result of this?

10 THE DEFENDANT: Yes, sir.

11 THE COURT: All right. And you also understand
12 that in a few months from now I will be sentencing you, and I
13 don't know exactly what the sentence is going to be, but I'll
14 be looking at a presentence report on your case, that's a
15 report that may be 10 to 20 or 25 pages about you and your
16 background and your history and about this case. I'll be
17 looking at that.

18 Have the guidelines been computed on Mr. Karnati's
19 case?

20 MS. PRASAD: Your Honor, I did where I think the
21 guidelines are going to come at.

22 THE COURT: Okay.

23 MS. PRASAD: My client understands this is where I
24 feel the guidelines are.

25 THE COURT: Okay.

1 MS. PRASAD: I've advised him where the government
2 feels the guidelines are and that we really won't know where
3 the guidelines end up until the PSR comes, both parties lodge
4 their objections, and your Honor rules on it.

5 THE COURT: Okay. That's correct.

6 But I'm just curious, what's the government's
7 position on this case as far as the guidelines go?

8 MR. HELMS: Your Honor, the Government believes
9 the guidelines will be 24 to 30 months.

10 THE COURT: And what's your position?

11 MS. PRASAD: I think it might come out a little
12 lower, your Honor.

13 THE COURT: Okay.

14 MS. PRASAD: I have it coming out at 18 to 24
15 months.

16 THE COURT: Okay. Okay.

17 Just so you know, Mr. Karnati, those are, that's
18 the parameter of your guidelines. I don't know what, which one
19 I'll be adopting, but I'll be adopting one or the other more
20 than likely, you understand that?

21 THE DEFENDANT: Yes, sir.

22 THE COURT: All right. And there's also some
23 other laws that I have to look at in terms of imposing
24 sentence, some statutory provisions, and so do you understand I
25 will be looking at all of those things when I impose sentence

1 on your case, you understand that?

2 THE DEFENDANT: Yes, sir.

3 THE COURT: Okay. All right. And I know that
4 your trial rights have been discussed with you, but I'm
5 required under the court rules to go over them again with you
6 here in court on the record.

7 Do you understand that you previously had a not
8 guilty plea entered on your behalf and you could continue with
9 that if you want to, you understand that?

10 THE DEFENDANT: Yes, sir.

11 THE COURT: Okay. And if you wanted to you could
12 have a trial on this case and your trial could be either by
13 jury or you could have a trial by judge if the government and I
14 agree to that, you understand that?

15 THE DEFENDANT: Yes, sir.

16 THE COURT: Okay. And do you also understand that
17 at a trial you'd have the right to be presumed innocent and the
18 government would have to prove you guilty beyond a reasonable
19 doubt, you understand that?

20 THE DEFENDANT: Yes, sir.

21 THE COURT: And then also at a trial your attorney
22 could represent you throughout the case and do everything that
23 lawyers do during trials, you understand that?

24 THE DEFENDANT: Yes, sir.

25 THE COURT: Okay. And also at a trial the

1 government would have to bring in witnesses to testify against
2 you, and your attorney could question and cross-examine those
3 witnesses, and also at a trial you could testify if you wanted
4 to or if you decided you didn't want to testify, that wouldn't
5 be used against you in any way, you understand that?

6 THE DEFENDANT: Yes, sir.

7 THE COURT: Okay. And then, lastly, as far as
8 your rights go, if you elected to have a trial, and you wanted
9 to call some witnesses to testify for you, I would help you
10 bring in witnesses with subpoenas, you understand that?

11 THE DEFENDANT: Yes, sir.

12 THE COURT: Okay. All right. Then, is it pretty
13 clear to you that by pleading guilty to this charge you give up
14 all of those rights and you will stand convicted of the charge
15 here, you understand that?

16 THE DEFENDANT: Yes, sir.

17 THE COURT: Okay. All right.

18 All right. Let's see, this case alleges, or this
19 indictment charges you with conspiracy to commit visa fraud and
20 to harbor aliens.

21 So tell me what your involvement in the case was.

22 MS. PRASAD: Your Honor, we've prepared a script
23 for my client to read, after which I will probably ask some
24 follow-up questions.

25 THE COURT: Okay.

1 MS. PRASAD: So, go ahead.

2 THE COURT: That's a perfectly legitimate way to
3 proceed here.

4 MS. PRASAD: Thank you, judge.

5 THE DEFENDANT: Good afternoon, sir, respected
6 judge, sir.

7 THE COURT: Okay.

8 THE DEFENDANT: Thank you so much for giving me
9 the opportunity.

10 THE COURT: Try to speak slow and as clearly as
11 you can.

12 THE DEFENDANT: Sure, sir.

13 THE COURT: Okay.

14 THE DEFENDANT: So, I talked to Santosh Sama in
15 the fall of 2017 on the phone for the first time regarding the
16 Farmington University admissions. Between --

17 THE COURT: Regarding?

18 Slow down and talk a little louder. Okay.

19 MS. PRASAD: Start over again.

20 THE DEFENDANT: Sure.

21 So, I talked to Santosh Sama in the fall 2017 --

22 THE COURT: Okay.

23 THE DEFENDANT: -- for the first time on the
24 phone, and between December 2017 and March 2018 I referred 39
25 students to the Farmington University.

1 In total I was paid approximately dollar twelve
2 thousand for referring the students to the Farmington
3 University.

4 The first time and only time I came to Michigan
5 and meet with any person from the Farmington University was
6 June 2018. I did not refer any students to the Farmington
7 after that meeting.

8 In December 2018 I was invited to attend a second
9 meeting at Farmington University. On January 13, 2019 I came
10 to Michigan to attend this meeting and was arrested on that
11 same day.

12 I'm on H1 work visa and was never enrolled in the
13 Farmington University.

14 THE COURT: You were never enrolled?

15 THE DEFENDANT: I never enrolled in the Farmington
16 University.

17 My visa status was never dependent on being a
18 student in the Farmington University.

19 THE COURT: Okay.

20 MS. PRASAD: I have a few follow-up questions,
21 your Honor.

22 THE COURT: Okay.

23 MS. PRASAD: Mr. Karnati, you believed that the
24 students you referred were taking online classes at Farmington
25 University, correct?

1 THE DEFENDANT: Yes.

2 MS. PRASAD: But you understand that F1 students
3 cannot lawfully maintain their status by attending all online
4 courses, correct?

5 THE DEFENDANT: Yes, ma'am.

6 MS. PRASAD: That's all I needed to ask, your
7 Honor.

8 THE COURT: Okay. All right.

9 All right, then, are both sides satisfied with the
10 factual basis for the plea?

11 MR. HELMS: Your Honor, the government has a few
12 follow-up questions.

13 THE COURT: Okay.

14 MR. HELMS: Mr. Karnati, you were aware that the
15 University of Farmington did not have any in-person classes?

16 THE DEFENDANT: Yes, sir.

17 MR. HELMS: And so, you knew that if a student
18 were, that you recruited were to attend the university, because
19 only online classes was not valid, you knew that they could not
20 maintain their lawful status by going to the University of
21 Farmington?

22 THE DEFENDANT: Yes, sir.

23 MR. HELMS: Do you also acknowledge that the main
24 purpose of the school was for the students just to maintain
25 their status in the United States?

1 MS. PRASAD: I don't think my client could speak
2 to the main purpose of the school. He can talk about his
3 conduct.

4 MR. HELMS: With respect to the students you
5 recruited to the university, is it your understanding that the
6 purpose of them signing up with the university in Farmington
7 was to maintain their status in the United States?

8 THE DEFENDANT: I always believed that is one of
9 the purpose, but that is not the only purpose.

10 MR. HELMS: But you, as I think we just went over,
11 you did know that the students you recruited, because they were
12 not taking any in-person classes, could not maintain their
13 status through the University of Farmington?

14 THE DEFENDANT: Yes, sir.

15 MR. HELMS: And they could not maintain it by law
16 because they had to have at least one in-person class, or they
17 had to have in-person classes?

18 THE DEFENDANT: Yes, sir.

19 MR. HELMS: The government is satisfied, your
20 Honor.

21 THE COURT: Okay. All right. Then, are counsel
22 also satisfied that I've complied with Rule 11 in terms of
23 taking the plea?

24 MR. HELMS: Yes, your Honor.

25 MS. PRASAD: Yes, your Honor.

1 THE COURT: Okay. All right. Then, I'm going to
2 find that in this case with regard to Mr. Karnati that he is
3 competent and capable of entering an informed plea. He's aware
4 of the nature of the charges and the consequences of the plea,
5 and that the plea of guilty is a knowing and voluntary plea
6 supported by an independent factual basis as to each of the
7 essential elements of the offense, and so the plea is therefore
8 accepted and I'm going to find Mr. Karnati guilty of the
9 offense that's charged.

10 And I'm going to refer the matter to the probation
11 department for a presentence investigation and report.

12 And I'm going to schedule the sentencing for?

13 THE CASE MANAGER: January 7th, 2020 at 2:30 p.m.

14 THE COURT: Okay. Anything else we need to take
15 up on the case at this point?

16 MS. PRASAD: There is just one more issue, your
17 Honor, which is I just wanted to put on the record that my
18 client and I did consult with an immigration attorney and the
19 immigration consequences of this case.

20 My client had an attorney, but we actually hired
21 somebody here in Michigan to consult with us, correct?

22 THE DEFENDANT: Yes, ma'am.

23 MS. PRASAD: As such, he has been fully apprised
24 both by myself and the immigration attorney of the immigration
25 consequences of tendering this plea today.

1 THE COURT: Okay.

2 THE DEFENDANT: Thank you, ma'am. Yes, ma'am.

3 THE COURT: All right.

4 MR. HELMS: From the government, your Honor, just
5 two minor points: For sentencing purposes I believe there will
6 be forfeiture issues and restitution issues. I'm not aware of
7 what the specific details are at this moment, but I just wanted
8 to note that for the record.

9 THE COURT: Okay.

10 Do you understand that, Mr. Karnati?

11 THE DEFENDANT: Yes, sir.

12 THE COURT: Okay. All right.

13 Anything else?

14 MS. PRASAD: Not from me, your Honor.

15 MR. HELMS: Not from the government, your Honor.

16 THE COURT: All right, then, we'll -- let's see,
17 he's been on bond and there's no reason it's not to continue
18 the bond?

19 MS. PRASAD: No, judge. There's -- he hasn't had
20 a single bond issue.

21 THE COURT: Okay. And so what's --

22 MR. HELMS: Not at this time from the government,
23 your Honor.

24 THE COURT: What's his -- he's still working?

25 MS. PRASAD: He's working, judge.

1 He lives in Kentucky and he's working.

2 THE COURT: Okay.

3 I thought he was living in Connecticut or
4 something.

5 THE DEFENDANT: Hartford, Connecticut.

6 THE COURT: Okay.

7 MS. PRASAD: He's got a project assignment in
8 Hartford, Connecticut.

9 THE COURT: Okay.

10 MS. PRASAD: So he has worked out, I worked out
11 with AUSA McDonald and the probation officer how to facilitate
12 that and everybody has more or less said it was fine.

13 I would like to say that his driver's license is
14 going to expired prior to sentencing, so I don't know if that's
15 something we can -- at some point we need to get his passport
16 back to renew the driver's license.

17 Is that something we can do?

18 THE COURT: I don't have a problem with it at all.

19 MS. PRASAD: So, how ever we need to work it out,
20 but, obviously, he needs that driver's license during the
21 pendency of the case and he needs it to get to Connecticut.

22 THE COURT: Okay. When does it expire?

23 THE DEFENDANT: January 9th, sir.

24 MS. PRASAD: So, I would think we would need the,
25 I would ask for the passport maybe a month in advance. I can

1 personally get it all done, but he needs the passport to renew
2 the driver's license.

3 THE COURT: Okay. I don't have any problem with
4 him using the passport solely for the purpose of getting his
5 driver's license.

6 MR. WATERSTREET: Your Honor, there's -- as a
7 result of the defendant's guilty plea, it may affect his
8 ability to maintain his H1B status. If that happens, then his
9 ability to lawfully stay in the United States may be affected,
10 too, and his ability to get a driver's license here in the
11 United States may be affected.

12 So, I say we just cross the bridge when we come to
13 it.

14 MS. PRASAD: Well, I can speak to that, your
15 Honor, because we've been working with the immigration attorney
16 and while that might happen, it won't happen before you render
17 your judgment of sentence.

18 So, we still need -- we can't just renew the
19 driver's license the day it expires.

20 THE COURT: Okay.

21 MR. WATERSTREET: I'm not sure I agree that it's
22 dependent upon your finding, your sentencing, your Honor.

23 THE COURT: Okay. Well, I'm going to order that
24 he be given his passport for the purpose of getting a driver's
25 license or extending his driver's license.

1 And that's my order, and if you want to submit a
2 brief saying that I shouldn't do that, I'm open to looking at
3 it if, in fact, I'm doing something that's contrary to law.

4 But if I have the discretion to do it, I'm going
5 to order and require that he be given his passport for the sole
6 purpose of renewing his driver's.

7 MR. WATERSTREET: For what it's worth, your Honor,
8 one of the reasons we agreed to allow him to remain on bond is
9 the fact he would not have a passport for fear of flight.

10 THE COURT: Well, if you want to go with counsel
11 to help maintain custody of the passport and assure that it
12 doesn't go in some other direction, you're welcome to do that,
13 or if you want an agent or somebody to go with her to make sure
14 that she doesn't do anything untoward with the passport, you're
15 welcome to do that.

16 But I think he should be able to do that -- and I
17 don't know what I'm going to do. You know, a lot of times, if
18 he's really been good on bond, and he doesn't mess up at all,
19 and even if I impose a custody sentence on him, I'll let him, I
20 may let him stay out, I don't know, and allow him to drive
21 pending the designation of the facility that he's to serve a
22 sentence at.

23 So, you know, he may be at liberty even after the
24 sentencing date. I don't know.

25 MR. WATERSTREET: I understand.

1 THE COURT: Okay.

2 MR. WATERSTREET: I was going to suggest, your
3 Honor, that counsel and I, we can talk, we can work out an
4 arrangement to fulfill the Court's desires, but dealing with
5 the passport we would like to maintain some control and the
6 Court I'm sure understands.

7 THE COURT: I do. I do. It's challenging, but I
8 know you all can rise to the challenge.

9 MR. WATERSTREET: We can do it.

10 THE COURT: Anything else?

11 MS. PRASAD: Thank you, judge.

12 THE DEFENDANT: Thank you, so much, sir.

13 THE COURT: Okay. We'll be in recess, then.

14 THE CASE MANAGER: All rise.

15 Court is in recess.

16 (At 11:36 a.m. proceedings concluded)

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C E R T I F I C A T E

I, Merilyn J. Jones, Official Court Reporter of the United States District Court, Eastern District of Michigan, appointed pursuant to the provisions of Title 28, United States Code, Section 753, do hereby certify that the foregoing pages 1-23, inclusive, comprise a full, true and correct transcript taken in the matter of the United States of America versus Phanideep Karnati, 19-cr-20026 on Thursday, September 26, 2019.

/s/Merilyn J. Jones
Merilyn J. Jones, CSR, RPR
Federal Official Reporter
231 W. Lafayette Boulevard
Detroit, Michigan 48226

Date: November 7, 2019